

Policy Submission

**Consultation on the New
European Social Agenda**

**Contribution by the
Combat Poverty Agency**

February 2008



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to the
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1 Background and context

The European Commission has invited contributions to the new social agenda, currently in preparation. The consultation follows the social reality stock-take, undertaken by the Commission in 2007, to examine the important background factors and changes governing social well-being that should be taken into account in the framing of the new social agenda. The new social agenda will build on the present one, 2005-2010, *A social Europe in the global economy - jobs and opportunities for all* (COM 2005/33). In inviting contributions to this consultation, the Commission published *Opportunities, access and solidarity - toward a new social vision for 21st century Europe* (COM 2007/726).

This submission is made by the Combat Poverty Agency, Ireland. First, the Agency explains its own role in Ireland (Section 1); extracts Irish lessons on poverty of relevance to the European Union (Section 2); and puts forward its views as to how social inclusion should be part of the new European social agenda (Section 3). Key messages are summarised in (Section 4).

2 Role and relevance of the Combat Poverty Agency

Combat Poverty was established by statute by the Irish government in 1986 to advise it on policies against poverty, to carry out research, policy development, information and education activities and demonstration projects. It is one of only a small number of dedicated government agencies with a remit to tackle poverty in the European Union and probably the one with the widest range of functions. The Agency has participated in several projects with a European dimension, from management of the *Poverty 2* and *Poverty 3* programmes in its early days, to participation in the Combined European Bureau for Social Development, the European network of organisations and agencies promoting community development. More recently, the Agency co-ordinated transnational projects on *Mainstreaming Social Inclusion* and the promotion of social inclusion in local authorities (LASI) and has participated in studies of minimum income,

indebtedness, financial exclusion and minimum social standards, all part of the Social Exclusion Programme (2000-6). The Agency plays an important role in the consultative process of the Irish National Action Plans for Social Inclusion under the European Union's Open Method of Co-ordination (OMC).

3 Irish lessons on poverty of relevance to Europe

Combat Poverty has used a number of approaches to addressing poverty and these experiences are important in informing a European perspective and, in turn, the evolution of the European social agenda:

- *The importance of research.* A priority of the Agency from the beginning was to build a strong evidence-based research base to measure poverty; identify those groups and communities most at risk of poverty; locate the causative factors in poverty; study, in more depth, those groups most affected by poverty (e.g. child poverty, and older people etc.); assess the impact of government policies; and study the effects of individual interventions, such as government programmes and welfare schemes.
- *The importance of advising government.* A priority function of the Agency is to advise government on what policies it should follow in reducing, alleviating and eventually eliminating poverty. This has taken a number of forms, both formal and informal, the most important being advice to government on the annual budget;
- *The value of demonstration projects.* The Agency has developed a number of projects to test new approaches to poverty, the principal examples been in the areas of work with women, community arts, educational disadvantage, drug use, health and poverty and disadvantaged young people;
- *The value of community development.* Combat Poverty has a specific remit in its Act to adopt community development as a means of overcoming poverty and has followed this as a principal means of

working ever since.¹ As a result, the Agency has worked closely with the most disadvantaged communities and groups in the country, seeking to empower them to develop their own responses to the problem of poverty. The Agency managed the *Having Your Say* programme to support their engagement with the appropriate authorities on poverty issues, strongly echoing the European theme of 'mobilising all the actors' around anti-poverty strategies. In collaboration with European partners, the Agency elaborated models of working with excluded people.²

- *The importance of partnership with and across government.* Overcoming poverty requires joined-up responses from government, government agencies and non-governmental organisations (NGOs) working against poverty and social exclusion. Combat Poverty has worked to bring together these different groups to achieve a consensus on common goals and methods, especially in the consultative process around the National Anti Poverty Strategy (1997) and the National Action Plans for Social Inclusion since 2001. In recent years, the Agency has worked in partnership with local government in the development of social inclusion units in the municipal authorities, local anti-poverty strategies and the exchange of models of policy and good practice. It has also worked horizontally with the other parts of government which impact on poverty, notably in the areas of health and education policies.

¹ *The role of community development in tackling poverty.* Combat Poverty Agency, Dublin (2000).

² *Having your say - strengthening the policy voices and practices of people in poverty, a three year programme, 2005-7.* Combat Poverty Agency, Dublin (2005); and *Practice to policy - models for involving excluded people, learning from five EU Member States.* Maureen Bassett & Lisa Costello, Combat Poverty Agency, Dublin (2000).

These experiences suggest that the European social agenda should:

- Be based on a continuously renewed and refined information and knowledge base on the nature of poverty across Europe, its shared features and common remedies. This can be done through the European Commission accumulating the information and analyses available from Member States, through its own transnational instruments, such as the Transnational Exchange Programme (TEP) and PROGRESS Programme and through such exercises as the social reality stock-take;
- Develop, through the OMC, clear messages to governments as to the measures and scope of actions which should be taken to address poverty;
- Test new methods of responses to poverty;
- Promote community development as a proven *method* that responds to poverty. This is especially important within the structural funds;
- Work in partnership with the key agencies that are essential to the addressing of poverty: Member States, local authorities, government agencies, NGOs. Just as national governments must learn to work across their respective ministries and agencies, so should the European institutions. In the case of the European Commission, addressing poverty requires the attention of directorates concerned with health, education and technology (e.g. health inequalities, vocational training, e-inclusion and financial exclusion).

A new European social agenda requires that the Commission be well equipped with a strong knowledge-base, promote policy development, partnership approaches, the testing of innovation and the promotion of effective methods. It is uncertain if, at this stage, the European institutions are equipped with all the necessary instruments so as to take advantage of these lessons arising, be they from Ireland or from other Member States, notably in testing new responses to poverty. Such tests are essential in identifying and responding to new forms of poverty and in stimulating policy responses. Here, although there

are many good reasons why the Commission moved from funding small-scale, local projects against poverty toward policy-focussed, transnational exchange work, the current PROGRESS programme gives little scope for the testing of new responses to poverty, especially those that might involve all but the largest social inclusion NGOs. It is interesting to note that the European Anti-Poverty Network (EAPN) has called for the development of a new, dedicated programme against poverty, which implies that the PROGRESS programme is not suitable for this purpose. The simplification and consolidation of European funding programmes in 2007 may have come at the price that the testing of new responses to poverty across the Union, especially through social inclusion NGOs, may have been lost. The new European social agenda must find room for the testing of responses to poverty, be that through the PROGRESS programme or otherwise.³

4 Social inclusion in the new European social agenda

Combat Poverty has welcomed the development, since the 1990s, of the European social agenda, dating back to the white paper *European social policy - a way forward for the Union* (1994), the subsequent framework social agendas and the attempt to balance economic development with enlightened social policy. This led to the commitment, in the Lisbon Strategy (2000), to 'make a decisive impact' on poverty by 2010 and the introduction of the OMC in 2001.

Other recent developments to commend are the extension of the scope of the European Social Fund, the adoption of the principle of partnership in structural fund programming (§11 of the new general regulation), the proposal for 2010 to be marked as *European Year Against Poverty and Social Exclusion* and the identification of the Roma/Traveller community as a group living in extreme poverty and deserving of special support.⁴

³ PROGRESS has a budget of €743m, of which the social inclusion strand is about €223m. This allocation covering seven years and 27 Member States. Some €1.2m per Member State per year!!

⁴ *The situation of Roma people in an enlarged Union*. European Commission, Brussels, (2004).

The Agency is interested to play an active role in the 2010 year, which it sees as an opportunity to develop, refine and design more effective policies for social inclusion and has replied to the questionnaire circulated by the European Commission in May 2007.

There is much that can be done to strengthen the European social agenda. Four ways of reinforcing the role of social policy with the EU policy landscape are outlined as follows:

- European policies on economic, social and regional development must be rebalanced (4.1);
- The new social agenda must be more ambitious than the present one, in particular on the issue of minimum incomes and discrimination (4.2);
- The OMC must be reinforced to as to make it more effective (4.3);
- The structural funds must be adapted to be a more powerful instrument for addressing poverty and social exclusion (4.4).

4.1 Rebalancing economic, social and regional development policies

There has been widespread concern at European level that the model of economic, social and regional development followed by the present Commission has been unbalanced. Although the European Union has formally followed a 'policy triangle' of equal economic, social and environmental development, the actual priorities at European level tilt overwhelmingly in the direction of economic and market priorities. This is especially evident if we examine the Commission's annual programmes in recent years, the focus of legislation and the analyses of progress after Lisbon, with its exclusive focus on jobs in the reports from the Employment Task Force and the High Level Group.⁵

⁵ *Jobs, Jobs, Jobs – Creating more employment in Europe* Report of the Employment Task Force (Chair: Wim Kok), Brussels (2003)
Facing the Challenge – The Lisbon Strategy for Growth and Employment report of the High Level Group (Chair: Wim Kok), Official Publications of the European Communities, Luxembourg (2004)

This is not to diminish the importance of economic policy, nor of employment policy, but they must be balanced by giving equal attention and priority to social policy. Although the labour market will help lift many groups and individuals out of poverty, there are limits to what the labour market on its own can achieve. It must be remembered that a significant proportion of those at work comprise the 'working poor'; and second, that there are many people living in poverty for whom entry to the labour market is not possible, either because of the lack of availability of work that pays, disability, caring responsibilities or age. The debate on flexicurity, launched by the Commission in 2006, also carries with it a high level of risk. Flexicurity is a process which has been an integral part of the Danish social economic and labour market traditions for over 100 years, it is not easily transferred to, or implemented within other Member States with different traditions and structures, as was discovered when it was tried in the Netherlands and Germany in the late 1990s.⁶ Although the Commission's desire is to see a parallel process of more open labour markets accompanied by stronger measures of activation, there is a real danger that some states will pursue the former without the latter, leaving large numbers in low income jobs or unemployed and living in poverty.

A second problem with the current European social model of the development is the perception of inequality as essentially a regional problem. The thrust of analysis of inequality in Europe, as seen in successive cohesion reports, is that inequality is a regional issue between states (a poorer east contrasting a rich north and west) and within states, considerable analytical tools being devoted to the measurement of such inequality. While regional inequality is very real and must be addressed, the more decisive fault line of equality across Europe is a social one, between rich and poor, those above and those below the poverty line, those who are excluded and those who are included. There is a very real danger that measures to rectify regional inequality will leave social inequality untouched. Ireland is an example of this, having risen from 69% of the

⁶ See *Flexicurity: Conceptual issues and political implementations for Europe* Transfer, Vol 10, No.: 2, European Trade Union Institute, Brussels (Summer, 2004),

European average to 146%, but leaving the proportion below the poverty line relatively unaffected. There is the real possibility that, if similar developmental models are followed, the substantial investment in the new Member States could also leave their levels of social inequality untouched. This would not be a positive outcome for the European social agenda. Failure to confront the 'big picture' of social inequality in Europe raises, in the medium to long-term, the possibility of political destabilisation, a risk recognised in several Commission scenario-painting exercises.⁷

4.2 A more ambitious social agenda

There have been numerous criticisms of the present social agenda for its lack of ambition, especially compared to the frameworks of the 1990s. Rather than reiterate these, it would be more constructive to look at two areas where some progress has been made, but where, we suggest, there should be further development – on minimum incomes and discrimination.

Minimum incomes

In 1992, the European Council, on foot of a proposal from the European Commission, adopted a Recommendation on minimum income (92/441, 24.6.1992). This Recommendation recognised that there was a group of people living in extreme poverty who had neither income nor social welfare protection. Although the European Union might lack the authority or political consensus to harmonize its many different systems of social welfare, it should at least protect those who, for one reason or another, did not benefit from existing systems and establish a minimum floor. The 1990s saw an extension of minimum income systems in a number of countries, such as France, Spain and Portugal, but only limited attempts to raise the floor elsewhere along the lines of the Recommendation. More recently, there has been the debate in Germany on the introduction of a minimum income in certain business sectors.

⁷ For example, *Cellule de Prospective: Scenarios 2010*. European Commission, (2001); and DG SANCO: *Future challenges*. European Commission, (2007).

Overall, the impact of the 1992 Recommendation has been disappointing. Several countries still have no system of minimum income or minimum resources (e.g. Greece, Hungary, and Italy). Moreover, in other Member States, the floor of minimum incomes is not sufficiently high to lift people out of poverty, Ireland being a case in point.⁸ What was doubly disappointing was not so much inaction within the Member States as the apparent reluctance of the European Commission to pursue the issue. Although a subsequent commentary was issued on the Recommendation,⁹ the issue of minimum income languished within the social agenda frameworks for many years. It is to the credit of the present Commission that the issue re-emerged in 2006, taking the form of the consultation on the active inclusion of those furthest from the labour market. This process has presented its own problems, following a slow pace and using terminology distancing the problematic from minimum incomes and resources, moving it to the labour market.

Combat Poverty participated in the study *Making a decisive impact on the eradication of poverty - toward an EU initiative on social standards*.¹⁰ This argued that a floor of minimum social standards, goods and services should be set, below which no EU citizen should fall and that there was merit in preparing a directive for this purpose. In *Modernising social protection for greater social justice and economic cohesion - taking forward the active inclusion of those furthest from the labour market* (COM 2007/620), the Commission concluded in favour of a new Recommendation. While the fact that there was only limited progress since 1992 highlights the weakness of a Recommendation as a means of moving such an important issue forward. The Commission failed to explain convincingly why it would not support a stronger legislative option, such as a directive. This should now be considered.

⁸ The minimum wage in Ireland is €8.65 per hour or €346 for a 40 hour week.

⁹ *On the implementation of the recommendation 92/441 of 24 June 1992 on common criteria concerning sufficient resources and social assistance in social protection systems*. European Commission, Brussels, (1998) (COM 98/774).

¹⁰ *Making a decisive impact on the eradication of poverty - toward an EU initiative on social standards*. Janice Ransom, European Anti Poverty Network, Dublin (2007).

Discrimination.

In 2000, the European institutions approved the directive against racial discrimination and the directive against discrimination in employment. These were important, for discrimination, exclusion and poverty are closely linked. The directive against discrimination in employment, while welcome, was limited only to employment and did not cover services and allied areas, meaning that only one aspect of the problem was addressed. For many years, disability organisations pressed for a disability-specific directive to address the problem of discrimination against people with disabilities in other fields. We highlight this because disability is a key risk factor in poverty, not just in Ireland, but in all EU Member States. Similar proposals have been made for sector-specific directives in other fields (e.g. older people, another group at high risk of poverty; gays and lesbians).

Granted the persuasive case presented by the European Disability Forum and other organisations for a new disability-specific directive, it is difficult to understand the slow response by the Commission and the lack of explanation advanced for its reluctance to engage in the issue. The AGE network has made a strong case for a similar directive in the area of age discrimination. Because of the well-known links between discrimination, poverty and exclusion, this must be a high priority task for the new European social agenda and the Commission commitment to progress this issue in 2008 is welcome.

4.3 A more effective Open Method of Co-ordination (OMC)

Ireland was one of the first countries in Europe to develop a National Anti Poverty Strategy (NAPS), which was adopted by the Government in 1997. This was, in concept, a precursor in one country to the National Action Plans for Social Inclusion adopted under the OMC introduced in 2001 and designed to underpin the commitment in the Lisbon Strategy to 'make a decisive impact on poverty by 2010'.

It is difficult to imagine at this stage, in 2008, that it will be possible to discern a decisive impact on poverty in Europe by 2010. The most recent overall figures of those living below the poverty line remain around 16% and show little evidence of the hoped-for, significant downward trend or 'decisive impact'. A core problem is the lack of preparedness of most Member States, with only a few exceptions, to commit to either an overall European target or individual national targets.

The question remains, though, as to whether and how the OMC can be made a more effective means of addressing poverty. The OMC constitutes a form of 'soft law', which is always likely to have limitations. Nevertheless, the OMC has been in place long enough for us to be able to evaluate its effectiveness and look to ways of strengthening it, especially after 2010.

In its contribution to the Social Exclusion Programme, Combat Poverty published two texts on mainstreaming social inclusion.¹¹ This set down a template as to how social inclusion can be mainstreamed into the policies, actions, public administration, legislation, the allocation of resources, public services and decision-making systems within each Member State. While each Member State must implement mainstreaming, in line with the Lisbon goals, within its own political and administrative structures and traditions, the mainstreaming of social inclusion into policies and practices is a worthy challenge for the next stage of the European social agenda in general and the OMC, in particular. Combat Poverty proposed to undertake a follow-up study, as part of the PROGRESS Programme, to evaluate what progress had been made by Member States in the mainstreaming of social inclusion, since 2006, by carrying out a second comparative study in 2009. Unfortunately, this proposal was not accepted by the European Commission (DG Employment).

¹¹ *Better policies, better outcomes - promoting the mainstreaming of social inclusion* Kevin P O'Kelly & Izabela Litewska, Combat Poverty Agency, Dublin (2006); and *The evaluation of mainstreaming social inclusion in Europe* Kevin P O'Kelly Combat Poverty Agency, Dublin (2007).

4.3 Adapting the structural funds

The structural funds have considerable potential to address poverty and social exclusion. This has already been done in many Member States, both through mainstreaming programmes of the European Social Fund and through Community Initiative Programmes (e.g. NOW, INTEGRA). In Ireland, some programmes have been especially useful and have used community development methods, such as the Operational Programme for Local, Urban and Rural Development (1994-9), the Peace programmes (1995-9, 2000-6) and the EQUAL Community Initiative Programme (2000-6). Combat Poverty has had a particular involvement in the structural funds, participating over 2000-6 in monitoring committees for two regional programmes, the human resources development programme and the committee addressing horizontal principles. It developed a project, over 2001-7, to develop social inclusion indicators so as to improve our learning about the impact of various measures on poverty.

Based on the experience in Ireland, our observations are that there are a number of problems with the structural funds, which mean that they fall short of their full potential as instruments for social inclusion:

- Although social inclusion has been an overall objective of the funds, there has been an absence of 'social inclusion-proofing' across the board, especially outside a narrow band of 'social' measures. As a result, there has not been a proper balance in the impact of a range of structural fund measures and these may have contributed little, if anything, to promoting social inclusion;
- There has been little use of social inclusion indicators within the structural funds. Only a small number were set out for the 2000-6 period. Even though, as a result of the Agency's project, the number increased, there have been on-going problems with a lack of compliance with reporting requirements;

- There has also been little use of the European Regional Development Fund to promote social inclusion, with a focus on 'hard' infrastructure, but with little attention given to social infrastructure;
- Granted the importance of social inclusion, the involvement and participation of social inclusion and community development NGOs within the structural fund decision-making, monitoring and evaluation process is still very weak.
- Specific instruments that would enable the more effective delivery of the structural funds have not been used. Technical assistance has not been provided to NGOs working against poverty and social exclusion, although this is widely used in the UK, it was ruled out as a possibility for 2007-2013 in Ireland. Apart from the Peace Programme, global grants have not been used in Ireland since 1999.

These shortcomings raise serious questions about Commission oversight of the structural fund process and such questions have already been raised in other Member States.¹² While respect for Member States and the principle of subsidiarity are important operating principles, they should not extend to the point that the policy objectives of the EU in promoting social inclusion are compromised. The new European social policy framework must give a commitment that in the preparation of the next programming period, the full resources of the Commission will be brought to bear to rectify these deficits consistently across all Member States, improve programme design and set a higher bar for the approval of future National Strategic Reference Frameworks and operational programmes.

A final point on the structural funds is the ending of the Community Initiative Programmes, notably EQUAL, which played an important role in promoting equality and inclusion. This was part of the process of simplification heralded in the *Third cohesion report (2004)*. The Community Strategic Guidelines required

¹² *The illusion of inclusion*. Brussels, Euro Citizen Action Service, (2005).

that the principles of EQUAL be mainstreamed into the new structural funds. So far, there is little indication of new projects or activities emerging in the new round corresponding to EQUAL, raising concerns both about the wisdom of the decision and the quality of oversight. Considering the ideas which they stimulate, the lessons learned and the policies developed, programmes such as EQUAL are essential for the renewal of the European social agenda.

5 Summary of messages

In summary, Combat Poverty's messages are:

- The European Union must follow a balanced model of economic and social development, each been accorded an equal priority at conceptual, policy and implementation levels;
- While regional inequality in Europe is significant, social inequality is of equal importance and is deserving of equal attention from policy-makers. A model of development reliant on addressing only regional inequalities and in seeing the labour market as a solution to poverty will fail to address the full nature, scope and extent of social exclusion;
- The new European social agenda, in addressing issues of poverty and social exclusion, requires that the European Commission be well equipped with the instruments for the development of a knowledge base, policy development, partnership, the testing of innovation and the promotion of effective methods. Ways must be found to test new responses to poverty, be that through the PROGRESS Programme or a new anti-poverty programme;
- The new social agenda must be more ambitious. Progress must be made on minimum income and resources through the introduction of a directive setting a means of determining a minimum floor. Legislation against discrimination must also be strengthened, with the introduction of a directive to address discrimination in services, especially for those

categories most at risk of poverty (e.g. people with disabilities, older people, Roma, migrants);

- The OMC must be strengthened to make it an effective instrument of policy against poverty and social exclusion and should be given the specific task of ensuring the mainstreaming of social inclusion into the policies and practices of each Member State. The MSI evaluation methodology can be used to measure progress in this regard;
- The structural funds must be adapted to realise their potential as a key instrument to tackle poverty and social exclusion. This requires the funds to be 'social inclusion-proofed' in all measures. NGOs working against poverty and social exclusion must be involved in the design, delivery, monitoring and evaluation of the funds and provided with technical assistance. Structural fund instruments must be used effectively to ensure delivery of relevant programmes to those living in the most poverty and using methods most likely to work, such as through community development. This is best achieved by the use of global grants delivered through intermediary organisations. Deficits in oversight of the structural funds by the European Commission must be rectified, programme design improved and a higher bar set for the next round of the structural funds. EQUAL-type projects and actions must be activated in the rollout of the new structural funds.

Brian Harvey and Kevin P O'Kelly
Combat Poverty Agency, Ireland
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